

country's commitment to helping people help themselves throughout the world. Today I honor all of the men and women who have selflessly and generously served our country in the Peace Corps.

TO CLARIFY THE TREATMENT FOR
FOREIGN TAX CREDIT LIMITA-
TION PURPOSES OF CERTAIN
TRANSFER OF INTANGIBLE
PROPERTY

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. SHAW. Mr. Speaker, along with my colleague, MARK FOLEY, I am introducing a bill that would eliminate a trap for the unwary that was inadvertently created with the Taxpayer Act of 1997. The bill would clarify the treatment for foreign tax credit limitation purposes of the income inclusions that arise upon a transfer of intangible property to a foreign corporation.

Section 367(d) of the Internal Revenue Code provides for income inclusions in the form of deemed royalties upon the transfer of intangible property by a U.S. person to a foreign corporation. Prior to the 1997 Act, these income inclusions under section 367(d) were deemed to be U.S.-source income and thus were not eligible for foreign tax credits. The international joint venture reforms included in the 1997 Act eliminated this special source rule and provided that deemed royalties under section 367(d) are treated as foreign source income for foreign tax credit purposes to the same extent as an actual royalty payment.

The amendments made by the 1997 Act were intended to eliminate the penalty that was provided by the prior-law deemed U.S. source rule and that had operated to discourage taxpayers from transferring intangible property in a transaction that would be covered by section 367(d). Prior to the 1997 Act, in order to avoid this penalty, taxpayers licensed intangible property to foreign corporations instead of transferring such property in a transaction that would be subject to section 367(d). The 1997 Act's elimination of the penalty source rule of section 367(d) was intended to allow taxpayers to transfer intangible property to a foreign corporation in a transaction that gives rise to deemed royalty payments under section 367(d) instead of having to structure the transaction with the foreign corporation as a license in exchange for actual royalty payments.

However, the intended goal of the 1997 Act provision is achieved only if the deemed royalty payments under section 367(d) not only are sourced for foreign tax credit purposes in the same manner as actual royalty payments, but also are characterized for foreign tax credit limitation purposes in the same manner as actual royalty payments. Without a clarification that deemed royalty payments are characterized for foreign tax credit limitation purposes in the same manner as an actual royalty payment, there is a risk in many cases that such deemed royalties would be characterized in a manner that leads to a foreign tax credit result that is equally as disadvantageous as the result that arose under the penalty source rule that was intended to be eliminated by the 1997 Act.

The bill I am introducing today provides the needed clarification that deemed royalties under section 367(d) are treated for foreign tax credit limitation purposes in the same manner as an actual royalty, ensuring that the penalty that was intended to be eliminated with the 1997 Act is in fact eliminated. Without this clarification, a taxpayer that transfers intangible property in reliance on the 1997 Act will find that its transfer is in fact effectively subject to the penalty that the taxpayer believed had been eliminated. Without the clarification, those taxpayers that have structured their transactions in reliance on the 1997 Act provision will be worse off than they would have been if the purported repeal of the penalty source rule had never occurred and they had continued to structure their transactions to avoid that penalty. This bill will achieve the intended goals of the 1997 Act and prevent a terrible trap for the unwary that has been inadvertently created.

HONORING MARY HAINING

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to recognize a family truly dedicated to developing leadership skills in the young people of their community. Mary Haining, and her family, of Delta, Colorado have shown exemplary dedication to the 4-H program through three generations of their family.

The 4-H program promotes leadership, citizenship, and community involvement in America's youth, qualities that the Haining clan personifies. Mary Haining began working with 4-H as a girl in Grand Junction, exploring her interests in entomology and rabbits. As a mother, she has served as a 4-H volunteer leader for thirty-eight years. Each of the Haining children was involved in 4-H for at least ten years. Mary Haining's daughter Joyce and son Ron are still active parent leaders of 4-H in Delta. Three of Mrs. Haining's grandchildren are studying sheep, beef, entomology, poultry, gardening, and archery through 4-H programs.

Mr. Speaker, it is a great privilege to recognize the Haining family for their long-time dedication to the 4-H cause. The Hainings, and the 4-H program which they have served devotedly, represent American ideals and the family values that make our communities strong.

TO REVOKE THE FEDERAL
CHARTER GRANTED TO TREA

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. KLECZKA. Mr. Speaker, today I am reintroducing a bill to revoke the federal charter that was to the Retired Enlisted Association (TREA) in 1992. TREA is an organization that has repeatedly targeted seniors with "notch" mailings that are deceptive, false, and designed to extort money from elderly persons, many of whom live on limited incomes.

The term "notch" refers to the difference in Social Security benefits paid to individuals born before 1917 versus those born between 1917 and 1921. This discrepancy arose because of a law enacted in 1972 providing automatic cost-of-living adjustments for Social Security recipients. However, the formula used to compute these annual increases was significantly flawed, causing benefits to rise faster than the rate of inflation.

In 1977, Congress corrected this defective formula (thereby reducing benefit levels) in order to prevent Social Security payments from skyrocketing. Had such revision not been made, many future beneficiaries would have received Social Security checks that were larger than their pre-retirement earnings. Moreover, the entire system would have become insolvent within 3 or 4 years.

The National Academy of Social Insurance, the General Accounting Office, the Social Security Administration, and the Congressionally-appointed Social Security Notch Commission have since concluded that the 1977 benefit changes were urgently needed and that Social Security beneficiaries born during the notch period are receiving correct benefit amounts. They also found that increasing benefits for "notch babies" would not only be unjustified, but would unnecessarily jeopardize the financial stability of the Social Security system.

Yet, despite these conclusive findings, TREA currently operates a multi-million dollar fundraising scheme based on the notch issue. This group tells seniors it is working hard to correct a notch "problem" that doesn't exist in an attempt to scam seniors out of their hard-earned money. Under the guise of advocating for legislative reform, TREA collected over \$46 million from seniors over four years (1997 to 2000), and its moneymaking campaign continues.

In addition, the tactics used by TREA to solicit money from elderly individuals are deplorable. Included among TREA's numerous deceptive mailings are official-looking notch identification cards and registration forms that give the mistaken impression that this group has the authority to handle the distribution of Social Security benefits. TREA also sends solicitations containing replicas of Social Security checks, thereby reinforcing this image. Perhaps the most disturbing, the group's fundraising efforts have even included mailings that ask seniors to redraft their wills to make TREA a beneficiary.

In order to stop the exploitation of America's seniors, I am reintroducing a bill that would revoke the federal charter granted to TREA in 1992. While Congress rarely revisits a former charter decision, this group's persistent pattern of fleecing seniors clearly warrants such a step.

Federal charters are prestigious distinctions awarded to organizations with a patriotic, charitable, or educational purpose. Although intended as an honorific title, a federal charter implies government support for such organizations. Misleading America's seniors clearly violates the high standards held for chartered groups. Moreover, allowing TREA to maintain its charter would send a signal to the American public that Congress condones such behavior.

Six bipartisan members of the House Ways and Means Social Security Subcommittee have joined me today in support of this legislation-including Chairman SHAW and Ranking

Member MATSUI. I urge my colleagues to co-sponsor this measure.

**PURSUE A MULTI NATIONAL
STRATEGY TO DISARM IRAQ**

HON. RICK BOUCHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. BOUCHER. Mr. Speaker, I rise today to urge in the strongest terms that the administration pursue a multi national strategy as it takes the necessary steps to disarm Iraq.

I share the administration's view that Saddam Hussein's weapons of mass destruction must be removed. In his present armed condition, he poses a significant threat to our Nation and to all peace loving nations around the world. I have no doubt that he possesses highly dangerous weapons, and based upon his past conduct, I also harbor no doubt that he would use those weapons against us or against our allied nations whenever he believes that doing so serves his interests.

It is clear that Saddam Hussein must be disarmed.

However, it is essential that the disarmament take place in the proper manner. The best opportunity for obtaining the disarmament of Iraq without the necessity of armed conflict lies in the assemblage of a large group of nations who collectively will insist that the disarmament occur. If, under the auspices of the United Nations, most nations of the world are facing Saddam Hussein united in the determination to remove his arms peacefully if possible but by force if necessary, the best chance is achieved for a peaceful disarmament to occur.

Then, if conflict is necessary, a broad assemblage of nations will share responsibility for taking the necessary steps. Moreover, that same large assembly of nations with United Nations participation, can then share both the cost and the responsibility for the administration and reconstruction of post-war Iraq.

Ten years ago, under a United Nations resolution, Iraq was expelled from Kuwait. The diplomatic offices of this nation were put to good use in persuading our allies to participate with us in the exercise.

That same course must be followed again, and I urge the administration in the strongest possible terms to take the time which is necessary to assure that broad international support underlies our efforts to ensure our security and the security of other nations through the disarmament of Iraq.

TRIBUTE TO JACLYN SOBOCIENSKI

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mr. OBEY. Mr. Speaker, I would like to take this opportunity to recognize the outstanding efforts made by Ms. Jaclyn Sobocienski who is leaving the House Appropriations Committee this week.

Jaclyn is a native of New York. She is a Magna Cum Laude graduate of Siena College, possessing a Bachelor of Arts degree in polit-

ical science and a Bachelor of Science degree in finance. That alone made her a natural for the Appropriations Committee. She served as an intern in the New York State Assembly, and also worked for the New York Mets during summers between school years. On those few occasions where we gave her some time off, Jaclyn was active in dance, Italian language study, and travel.

She has been an administrative aide to the minority staff of the House Appropriations Committee since October 5, 2001. Just after she joined the Committee, the anthrax incident in the Longworth House Office Building occurred. Jaclyn not only was instrumental in getting our temporary alternate office up and running for the period that our Longworth office was closed, but also she reacted to the stress in a very professional and helpful manner that allowed the Members and the staff to get on with conducting the nation's business.

Jaclyn put in many long evenings in behalf of the Members of the Appropriations Committee, with direct support to the Democratic professional staff of the Committee. She tirelessly served as the liaison between the Committee and all Democratic House offices, the press, and the public. She succeeded in every task she was given.

I want to take this opportunity to publicly thank her for her outstanding efforts to me and to the Committee, and to wish her well in her new career. We will miss her, and wish her nothing but success and happiness.

**INTRODUCTION OF THE FAMILY
TIME FLEXIBILITY ACT**

HON. JUDY BIGGERT

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 6, 2003

Mrs. BIGGERT. Mr. Speaker, I rise today to introduce The Family Time Flexibility Act, which allows employers to offer American workers the option of voluntarily taking compensatory time off in lieu of receiving overtime pay. I am pleased that 67 of my colleagues have joined me as original cosponsors of this pro-family, pro-worker, pro-women legislation.

One would think that providing working men and women with more control over their work schedules is a "no brainer", but private sector employees and employers alike are bound by the Fair Labor Standards Act of FLSA, which does not permit such flexibility. I think it's fair to say that this law, enacted during the depression, was designed for a very different workforce with very different needs.

Over the past 60-plus years, the American workplace has undergone a dramatic change in composition, character, and demands. What once was a static, agriculture- and manufacturing-based economy with a primarily male workforce has evolved into a fast-paced working environment based on global services and high technology with nearly equal numbers of women and men in the workforce.

Workers today, more than ever before, face a difficult dilemma: how to balance the demands of a job while having adequate time for family, friends and outside commitments. This situation has become even more pronounced because many American families now rely on two incomes to survive. And while this conflict weighs most heavily on women, all workers—

regardless of gender—experience conflict between work and family, between watching their child's baseball game or going through that stack of papers on their desk.

The Family Time Flexibility Act will help to ease these pressures by providing the flexibility that working parents need to spend quality time with their families. This legislation amends the FLSA to allow private sector employees to access something that their colleagues working in federal, state and local governments have had for many years—the option of choosing either cash wages or paid time off as compensation for working overtime hours.

Before I go any further, I want to stress that nothing in this legislation would require employees to take comp time instead of overtime pay. Nor could employers force employees to take comp time. Rather they now can be given the choice of compensatory time or overtime. This bill does not relieve employers of any obligation to pay overtime.

As a matter of fact, my bill contains explicit penalties if an employer "directly or indirectly intimidates, threatens or coerces" an employee into taking comp time in lieu of overtime, and the penalties are more severe than under current law. Employers who engage in such behavior will be liable for double damages plus attorney's fees and costs. In addition, the other remedies included under the FLSA—including civil and criminal penalties and injunctive relief—still will apply. The employee may respond through a private right of action, or the Labor Department may sue on behalf of the employee. I also want to stress that this bill in no way affects or changes the standard 40-hour workweek.

Here's how the bill works. If the employer and the employee agree—or in union shops, the union and the employer agree through their collective bargaining agreement—to allow the employee to start accruing overtime hours as compensatory or family time, the employee may bank overtime hours and use them at a later time as paid time off.

As is currently the case with overtime pay, comp time hours would accrue at a rate of one and one-half hours of comp time for each hour of overtime worked. Employees could accrue up to 160 hours of comp time within a 12-month period.

This legislation contains numerous safeguards to protect employees. Let me reiterate that employers are explicitly prohibited, under threat of civil and criminal penalties, from attempting to directly or indirectly intimidate, threaten, or coerce any employee to take comp-time instead of cash pay as pay for overtime.

In addition, employers must obtain prior written approval from each employee who chooses comp-time in lieu of cash pay for overtime. And employees can withdraw their request to receive comp-time and go back to receiving cash pay at any time.

The legislation requires an employer to annually pay cash wages for any unused comp time accrued by the employee. Employees may withdraw from a comp time agreement at any time and request a cash-out of any or all of his or her accrued, unused comp time. The employer has 30 days in which to comply with the request. The legislation also requires an employer to provide the employee with at least 30 days notice prior to cashing out any accrued time in excess of 80 hours or prior to discontinuing a policy of offering comp time.